

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 L-03 H-01 PA-01 IO-13  
AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-10  
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OMB-01 NSC-05 SS-15 STR-07 CEA-01 OES-09 ( ISO ) W  
-----075601 120947Z /13

R 110838Z AUG 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 9948

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E.O. 11652: N/A  
TAGS: EAID, EFIN, SHUM, ADB, RP  
SUBJECT: LAGUNA DE BAY FISH PEN PROJECT - BHN ASPECTS

REF: MANILA 13319

1. SUMMARY. ADDITIONAL INFORMATION INDICATES THAT PROPOSED PROJECT IS AT LEAST PARTIALLY IN RESPONSE TO PRESENT SITUATION, IN WHICH LARGE FISH PEN OPERATORS HAVE PREEMPTED SOME TRADITIONAL FISHING GROUNDS FORMERLY WORKED BY SMALL FISHERMEN. TENSE CONFRONTATIONS HAVE TAKEN PLACE. PHILIPPINE AUTHORITIES ARE SENSITIVE TO THE NEED TO PROVIDE ECONOMIC OPPORTUNITIES FOR POOR FISHERMEN, AND CLAIM THEY WILL SEEK TO PREVENT TAKE-OVER OF NEW FISH PENS BY LARGE OPERATORS. END SUMMARY.

2. FISH PENS BEGAN TO APPEAR IN LAGUNA DE BAY IN THE EARLY 1970'S. PRESENTLY, APPROXIMATELY 5,000 HA. OF THE TOTAL LAKE AREA OF 90,000 HA. IS ENCLOSED IN FISH PENS. PERMITS TO ERECT PENS ARE IN PRINCIPLE LIMITED TO 5 HA. FOR INDIVIDUALS AND 50 HA. FOR CORPORATIONS, BUT AUTHORITIES ACKNOWLEDGE THAT THE PERMIT SYSTEM HAS BEEN ABUSED, AND IT IS COMMON KNOWLEDGE THAT SOME LARGE-  
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SCALE OPERATORS CONTROL 100 HA. OR MORE.

3. RECENT PRESS ACCOUNTS HAVE REPORTED THE INCREASING OCCURRENCE OF PILFERAGE FROM THE FISH PENS, GENERALLY BY SLASHING THE NETS. FISHERMEN AROUND THE LAKESHORE HAVE GROWN RESENTFUL OF THE LARGE, ABSENTEE OPERATORS, WHOSE PENS ARE ENCLOSING TRADITIONAL COMMUNAL FISHING

GROUND. THE LARGE OPERATORS NATURALLY SUSPECT LOCAL FISHERMEN, BUT THE LOCALS CONTEND THAT INSIDE JOBS INVOLVING SECURITY GUARDS HIRED BY THE OPERATORS ARE EQUALLY POSSIBLE.

4. AN EMBASSY OFFICER HAS DISCUSSED THE SITUATION WITH TEODORO BAGUILAT, ASSISTANT GENERAL MANAGER OF THE LAGUNA LAKE DEVELOPMENT AUTHORITY (LLDA), AND BENEDICTO ADAN, WATER QUALITY MANAGEMENT CHIEF OF THE LLDA. ACCORDING TO BAGUILAT AND ADAN, IT IS THE "SOCIAL PROBLEM" WHICH DERIVES FROM THE LARGE FISH PENS WHICH HAS INSPIRED THE CONCEPT OF THIS FISH PEN PROJECT. ALTHOUGH A GENERAL MEETING OF FISH PEN OWNERS, LOCAL OFFICIALS, AND REPRESENTATIVES OF FISHERMEN ON AUGUST 4 RELIEVED SOME OF THE TENSIONS AND PARTIALLY RESOLVED SOME OF THE ISSUES, THEY SEE THE ONLY LASTING SOLUTION AS PROVIDING A MEANS FOR SMALL FISHERMEN TO GET OUT OF TRADITIONAL ARTISAN FISHING AND INTO FISH PEN OPERATIONS.

5. COSTS OF DEVELOPING THE 2.5, 5, AND 10 HA. MODULES IS ESTIMATED TO AVERAGE 25 TO 30,000 PESOS PER HA. AS NOTED IN REFTTEL, ELIGIBLE BORROWERS WILL BE LIMITED TO THOSE WITH ANNUAL INCOMES OF 9,000 PESOS AND BELOW. WHILE THIS WOULD NOT LIMIT THE PROJECT TO THE POOREST OF THE FISHERMEN, BAGUILAT SAID THAT IT DOES RENDER INELIGIBLE THE MORE WELL-TO-DO, WHILE PERMITTING THE DEVELOPMENT BANK LIMITED OFFICIAL USE

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OF THE PHILIPPINES (DBP) TO APPLY SOME STANDARD CRITERIA OF CREDITWORTHINESS, PROBABLY INCLUDING COLLATERAL. HE THOUGHT IT UNLIKELY THAT THE POOREST FISHERMEN WILL BE ABLE TO ACQUIRE OWNERSHIP IN A MODULE, BUT THEY WILL NEVERTHELESS BENEFIT FROM THE PROJECT THROUGH GENERATION OF ANCILLARY EMPLOYMENT.

6. DISBURSEMENT OF THE LOANS BY DBP WILL BE TIGHTLY CONTROLLED. 70 PCT OF PRODUCTION MUST BE MARKETED THROUGH THE LLDA, WITH A PORTION OF THE PROCEEDS EARMARKED FOR LOAN REPAYMENT. DOCUMENTATION REQUIREMENTS, TO ESTABLISH THE BONA FIDES OF FISH PEN PROPONENTS, WILL BE STRICT. BAGUILAT SAID THEY HAVE BEEN ACCUSED OF A "SPOON-FEEDING" APPROACH, BUT THE AUTHORITIES ARE DETERMINED TO AVOID THE MISTAKES OF THE MASAGANA 99 CREDIT PROGRAM IN RICE PRODUCTION, WHICH HAS LED TO A POOR REPAYMENT RECORD.

7. BAGUILAT AND ADAN WERE QUESTIONED ABOUT SAFEGUARDS TO INSURE THAT LARGE, ABSENTEE OPERATORS DID NOT ALSO GAIN CONTROL OF THESE SMALLER PENS, PARTICULARLY AS ECONOMIES OF SCALE IN SUCH AN OPERATION SEEMED TO BE SUBSTANTIAL. BAGUILAT CLAIMED THAT THE PERMIT-ISSUING

AUTHORITY (LLDA) WOULD BE ALERT TO PREVENTING SUCH DEVELOPMENTS, AND THAT ANY PROPONENT WHO DROPPED OUT OF A PROJECT WOULD HAVE TO BE REPLACED BY AN INDIVIDUAL ALSO CERTIFIED AS ELIGIBLE TO PARTICIPATE IN THE PROGRAM. HE NEVERTHELESS ACKNOWLEDGED THAT THERE WOULD BE PROBLEMS, AND THAT TO A CERTAIN EXTENT, AUTHORITIES WOULD HAVE TO "LEARN AS WE GO." MURPHY

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** FISH, FISHERIES, PROGRAMS (PROJECTS)  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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